

**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

Industrial Promotion - M/s. GMR Hyderabad International Airport Limited (GHIAL) - Proposal of setting up of Maintenance, Repair & Overhaul (MRO) facility at Rajiv Gandhi International Airport, Shamshabad, Hyderabad in Andhra Pradesh by joint venture with MAS Aerospace Engineering (MAE) instead of Lufthansa Technik AG (LHT) - Certain Incentives under Mega Project Category – sanctioned – Orders- Issued.

INDUSTRIES & COMMERCE (IP) DEPARTMENT

G.O.Rt.No. 631

Dated:20.10.2009.

Read the following:-

1. G.O.Rt.No.364 Industries & Commerce (IP) Dept., dated.20.06.2007.
2. Letter No.GHIAL/GoAP/2009, dated.17.02.2009 and 24.2.2009 of the Director, M/s GMR Hyderabad International Airport Limited (GHIAL).
3. Minutes of the State Investment Promotion Board Meeting held on 26.08.2009.

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ORDER:-

In the G.O. 1st read above, Government have extended certain incentives to M/s. GMR, Hyderabad, International Airport Limited - Lufthansa Technik AG (LHT) for setting up of Maintenance, Repair & Overhaul (MRO) facility in Andhra Pradesh by joint venture between M/s GMR, Hyderabad, International Airport Limited (GHIAL) and Lufthansa Technik AG [LHT].

2. In the letter 2nd read above, the Director, M/s GMR, Hyderabad International Airport Limited has stated that they are planning to set up a 3rd Party Airframe Maintenance, Repair & Overhaul (MRO) facility at Rajiv Gandhi International Airport, Shamshabad, Hyderabad. The facility will cater to the heavy maintenance needs of various Airlines operating in India. For this purpose, GHIAL proposes to enter into a Joint Venture with MAS Aerospace Engineering Sdn.Bhd. (MAE). MAE is an engineering and maintenance division of Malaysia Airlines. It is a leading MRO service provider offering aircraft maintenance, calibration services, engineering and maintenance training and support to various Airlines. As a 100 percent independent subsidiary of Malaysia Airlines, the company provides services not only to the fleet of Malaysia Airlines, but also to other customers worldwide. The estimated investment in the proposed MRO facility is in excess of Rs.100 crores in the initial phase and the Facility is expected to commence operations by mid of year 2010. The MRO facility proposed by Joint Venture between GHIAL and Lufthansa Technik AG could not take off due to backtracking by Lufthansa Technik AG from the project for their internal reasons. After several deliberations, GHIAL has shortlisted MAE as a potential partner for the proposed Joint Venture. GHIAL moved forward with MAE and signed an MoU at Malaysia on 25th September, 2008 and requested the Government to transfer the sanction of the exemptions provided to Lufthansa Technik AG in the G.O. 1st read above and also requested to give exemption from Octroi Duty/Entry Tax and Cess on Contracts in addition to the exemptions provided to Lufthansa Technik AG.

3. In the reference 3rd read above, the State Investment Promotion Board in its meeting held on 26.08.2009 has decided to extend the same benefits which were granted earlier to this facility to M/s. GMR, Hyderabad, International Airport Limited (GHIAL).

P.T.O.

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4. Keeping in view of the above and also in the light of the recommendations of the State Investment Promotion Board, dated. 26.08.2009, Government after careful examination, hereby extend the following incentives to M/s. GMR, Hyderabad, International Airport Limited – MAS Aerospace Engineering Sdn.Bhd. (MAE) for setting up of Maintenance, Repair & Overhaul (MRO) facility by joint venture at Rajiv Gandhi International Airport, Shamshabad, Hyderabad.

- i) To allow the VAT reimbursement to the proposed joint venture unit on purchases made by the unit during the construction period (maximum two years) and for operation (maximum five years) i.e. for a total of seven years limiting the maximum amount of VAT reimbursement on purchases upto Rs.8.20 Crores for the entire seven years period.
- ii) To extend other concessions/incentives as per Industrial Investment Promotion Policy [IIPP] 2005-2010 policy to MRO unit due to its unique nature and is specific to the MRO facility only and will not be automatically extended to other facilities being set up by HIAL at Hyderabad International Airport.

5. The Commissioner of Industries, Hyderabad shall take necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**B. SAM BOB,
PRINCIPAL SECRETARY TO GOVERNMENT AND
COMMISSIONER FOR INDUSTRIAL PROMOTION**

To

The Commissioner of Industries, Andhra Pradesh, Hyderabad
M/S. GMR, Hyderabad, International Airport Limited [GHIAL] - MAS Aerospace Engineering Sdn.Bhd. (MAE) through the Commissioner of Industries, Andhra Pradesh, Hyderabad.

The Accountant General, Andhra Pradesh, Hyderabad

Copy to:

The Commissioner of Commercial Taxes, Hyderabad

The Chairman & Managing Director, APTRANSCO., Hyderabad

The Managing Director, APCPDC Ltd., Hyderabad

The General Manager, District Industries Centre, Ranga Reddy.

The Managing Director, HMWS&SB, Hyderabad.

P.S. to Minister(Major Industries)

P.S. to Prl Secy TR&B Dept./P.S. to Prl. Secy. to Govt., Rev.(CT) Dept.

P.S. to Spl.CS, Energy Dept./P.S. to Prl. Secy. & CIP

P.S. to Secretary (Industries)/P.S. to Addl. Secy. to CM

Industries & Commerce [INF] Dept.

The Rev. (CT) Dept./ The Rev. (LR) Dept /The Energy Dept.

SC/SF

//Forwarded :: By order//

SECTION OFFICER